

REMITTING FUNDS THROUGH ACH Q & A'S

As a result of Treasury Department requirements, Federal Student Aid (FSA) now accepts electronic payments for quarterly FFEL Lenders' Interest & Special Allowance (LaRS), and monthly FFEL Consolidation Loan Rebate Fee (CLRF) through FSA's Financial Management System (FMS) using the Pay.gov functionality. The information below explains how this change affects the payment, settlement, and reporting processes.

GENERAL QUESTIONS

What is Pay.gov for FMS?

Pay.gov is a U.S. Department of Treasury web-based application, used by many agencies to process payments. Now that FSA has integrated Pay.gov with FSA's Financial Management System (FMS), lenders may use online FMS remittance forms to make secure quarterly LaRS payments and monthly CLRF payments by ACH debit from a checking account. FMS will use the Pay.gov application to process and settle ACH payments between a Lender's bank account and Treasury's bank account. More information about Pay.gov is available at the following site: <https://www.pay.gov/paygov/>

Is the system secure?

Yes. FMS interfaces with Pay.gov through Secure HTTP to protect transaction information. Pay.gov resides within the Treasury Web Applications Infrastructure (TWA) – a highly secure environment provided by the Federal Reserve Information Technology (FRIT) to support several enterprise-wide Treasury applications. The TWA is compliant with the Federal Information Processing Standard (FIPS) 140-2. All communications between Pay.gov and FSA FMS is conducted via dedicated lines, virtual private networks, or 128-bit, hardware-based (on Pay.gov's side), version 3-only Secure Sockets Layer (SSL) encryption.

Are there security requirements that affect lenders?

Yes. Lenders/Service providers will need to enable access through their firewalls to connect with FMS. If Lenders/Service providers are already using FMS, they may not need to make any system changes. The bank also must be part of the Federal Reserve System and must ensure that there are no ACH blocks on their accounts.

ACCESS TO FMS

What's my first step...or how do I access FMS?

All users must be registered through FMS to initiate payments. Access to the FMS system is available through the following URL: <http://www.fp.ed.gov/fms.html>.

If you are not currently an FMS user, FSA/FMS Security forms for new users are available under the LaRS section at <http://www.fp.ed.gov/fms.html>.

FMS will provide online forms for submitting payments to FSA. FMS will interact with Pay.gov behind the scenes. Lenders will not have to access the Pay.gov site to make payments.

What if I already use FMS to submit my LaRS Billing Report?

Active users may initiate payments by accessing the "FSA LARS Lender/Service Payment Submission" responsibility in FMS. Users may continue using their current user id and password to login to FMS. However, Lender/Service users who do not see the "FSA LARS Lender/Service Payment Submission" responsibility when logging on should contact FMS.Operations@ed.gov or 1-800-433-7327, as their security forms may need updating.

MAKING A PAYMENT

When will the system be available?

FMS payment forms will be available 24 hours a day, 7 days a week (holidays included) for users to submit payments. ACH payments submitted by 8:55 PM Eastern Standard Time will settle in users accounts the following business day. ACH payment processing will follow the Federal Reserve holiday schedule. Payments will not settle on the Federal Reserve designated holidays listed at: https://www.clevelandfed.org/Banking/utilities/bank_holidays.cfm?WT.oss=bank%20holiday&WT.oss_r=587

What forms will be available?

Users will have a choice between the LaRS remittance form and the CLRF remittance form. The LaRS payment form will be associated only with quarterly FFEL Lenders' Interest & Special Allowance (LaRS) collections. The CLRF form will be used to report monthly FFEL Consolidation Loan Rebate Fees.

Will I be able to schedule recurring, or future payments?

FMS will not support recurring payments, or saving payments for future submission.

If I have to make several payments will I need to fill out a form for each of them?

Yes. Users will have to fill out an on-line form for each payment.

What account types can be used?

FSA will only accept business checking accounts.

What do I do if I entered the wrong amount?

It will not be possible to overpay a quarterly LaRS account balance. If a user underpays, they will be allowed to make a second payment. CLRF payment amounts will be based on calculations derived from the loan information entered on the form. If the information and payment total are incorrect, users should contact fsa_lr@ed.gov for assistance.

How do I change or cancel a payment?

When submitting a payment, users will see a confirmation page asking them to review the information prior to completing the transaction. Once a user confirms a payment, they **WILL NOT** be able to change or cancel it.

What should I do if I cannot find the form I am supposed to fill out?

Users who cannot find the correct form should contact fsa_lr@ed.gov for information about which form is appropriate for their needs.

OTHER QUESTIONS

How will I know there is a bill to pay?

Lenders will continue to receive a weekly e-mail Statement of Account for quarterly LaRS activity. Upon logging into the LaRS payment form in FMS, users will see their existing balance.

Lenders that hold Consolidation Loans will also receive an email reminder for monthly rebate fee payments based on the previous quarter's consolidation activity.

How will I know my payment was successful?

After submitting a payment, users will receive a confirmation number, and the payment status will change to indicate a payment was submitted. FMS will update the payment status as each payment moves through the collection process.

How will I know my payment was unsuccessful?

Unsuccessful payments will be handled according to specific rules. When a payment fails due to a technical error or failed validation, users will receive an email message stating the nature of the issue (e.g., incorrect ABA #). When a payment fails to clear the bank due to an incorrect account number or insufficient funds, Pay.gov will notify FMS through a daily activity file, and FMS will subsequently notify the lender via e-mail. FMS will also update the status of the payment in the payment screen. Lenders/Servicers will then be able to initiate a new transaction with correct information in FMS.

How will I view payments I've already submitted?

Users will log in to FMS and select the "FSA LARS Lender/Servicer Payment Submission" responsibility. Once the LaRS or CLRF form opens, users may query for prior payments. Please reference the Pay.gov funds remittance guide at <http://www.fp.ed.gov/Manuals.html>.

How long will I be able to view my submitted payments?

Users will be able to view payments for up to three (3) years.

Will a servicer be able to use FMS to make a LaRS on behalf of a lender?

No. Servicers will not be able to make ACH LaRS payments on behalf of lenders through FMS. Servicers may utilize the lockbox process to remit a LaRS payment by mail.

Will a servicer be able to use FMS to make a CLRF payment on behalf of a lender?

Yes. Servicers will be able to make ACH CLRF payments on behalf of lenders. The Lender must establish the correct relationship in FMS in order to enable CLRF payments from a specific servicer.